

HOUSE No.

The Commonwealth of Massachusetts

PRESENTED BY:

William N. Brownsberger

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act to preserve the financial assistance feature in automobile insurance rating.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
William N. Brownsberger	24th Middlesex
John Hayes	5 Colonial Terrace, Belmont, MA 02478

The Commonwealth of Massachusetts

In the Year Two Thousand and Nine

AN ACT TO PRESERVE THE FINANCIAL ASSISTANCE FEATURE IN AUTOMOBILE
INSURANCE RATING.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority
of the same, as follows:*

1 SECTION 1. Establishment of a special working commission.

2 A working commission (“commission”) shall be established, consisting of
3 one or more individuals representing the following groups:

4 The Office of the Attorney-General;

5 The Office of Consumer Affairs and Business Regulation;

6 The Legislature’s Boston Delegation, so-called;

7 The Boston City Council; and,

8 The Massachusetts Public Interest Research Group (MassPIRG),
9 providing that that organization is willing to be so involved.

10

11 In any decisions, actions, and/or votes of the commission, each of the
12 above groups will have equal status, regardless of the number of commission
13 members supplied by that institution.

14

15 Section 2A of Chapter 4 of the General Laws of Massachusetts, which deals
16 with the rules of conduct of special legislative commissions, shall not be
17 applicable to this commission.

18

19

20 SECTION 2. Purpose of the commission.

21 The purpose of this commission shall be to devise a process whereby the
22 internal cross-subsidizing financial assistance feature (“assistance feature”)
23 contained in the former “fixed-and-established” rating system in effect through
24 2007 CE is maintained in any future automobile insurance rating system, such as
25 the more competitive rating system currently being developed under the auspices
26 of the Division of Insurance., The commission shall be authorized to contract with
27 recognized established actuarial organizations to develop actuarial analyses as
28 needed. The commission may invite insurance experts and authorities, both in-
29 state and out-of-state, to appear before them.

30

31 The commission will determine the averages of the assistance feature
32 levels of the years 2004 and 2005 as detailed in Automobile Insurers Bureau
33 Actuarial Notice 04-2, “Subsidies in the 2004 Rates”, February 6, 2004, and
34 Automobile Insurers Bureau Actuarial Notice 05-2, “Subsidies in the 2005 Rates”,
35 February 14, 2005, respectively. The process referred to above shall be so
36 constructed as to maintain the overall levels of the assistance feature at a
37 minimum of three-quarters of those overall 2004/2005 averages. In addition, no
38 individual policy’s assistance feature will be less than two-thirds of the 2004/2005
39 level for the effective equivalent of that policy.

40

41 The above-referenced process will also forbid the use of any underwriting
42 procedures that could interfere with the preservation of the assistance feature.

43

44 The commission will publish the results of its deliberations, and will also
45 develop the necessary legislation to implement the above-referenced process and
46 to incorporate it into the private passenger automobile insurance system of the
47 Commonwealth of Massachusetts as detailed in Chapters 90, 175, and 175C and
48 elsewhere in the General Laws of the Commonwealth of Massachusetts. The
49 above-referenced publication of the results, and the development of
50 implementing legislation, is to be accomplished within three months of the date
51 of passage of this bill or June 1st of 2009, whichever date occurs later.

52

53

54 Minority reports and implementing legislation may also be produced if so
55 desired.

56

57

58 SECTION 3. Funding of the commission.

59 The commission and its activities shall be funded by an assessment on the
60 automobile insurance companies doing business in the Commonwealth of
61 Massachusetts, said assessment to be ten cents (\$0.10) per policy in effect as of
62 January 1st, 2009, for a total of approximately four hundred thousand dollars
63 (\$400,000).

64 The commission may decide on an alternate method of funding its activities
65 provided the alternate method is equally fair and non-discriminatory and will
66 produce similar results.

67

68

69 SECTION 4. The formation of the commission shall take place within two weeks
70 of the passage of this act.

71

72